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In The

# Supreme Court of the United States

October Term, 1997

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA,

*Petitioner,*

v.

ELI LILLY AND COMPANY,

*Respondent.*

**On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit**

## PETITIONER'S REPLY TO BRIEF IN OPPOSITION

JAMES E. HOLST
JOHN F. LUNDBERG
P. MARTIN SIMPSON, JR.
REGENTS OF THE UNIVERSITY OF CALIFORNIA
300 Lakeside Drive
Oakland, California 94612
Telephone: (510) 987-9800

SHIRLEY M. HUFSTEDLER
*Counsel of Record*
MORRISON & FOERSTER LLP
555 West Fifth Street
Los Angeles, California 90013
Telephone: (213) 892-5200

DREW S. DAYS III
HAROLD J. MCELHINNY
RACHEL KREVANS
JILL D. NEIMAN
MORRISON & FOERSTER LLP
425 Market Street
San Francisco, California 94105
Telephone: (415) 268-7000

*Counsel for Petitioner Regents of the University of California*

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OR CALL COLLECT (402) 342-2831

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## I. BECAUSE *LEXECON* DECIDED THE CRUCIAL VENUE ISSUE AFTER THE *CERTIORARI* PETITION WAS FILED, A GVR ORDER IS WARRANTED[1]

Respondent cannot dispute that the self-transfer issue presented by Petitioner is nationally important since *Lexecon, Inc. v. Milberg Weiss Bershad, Hynes & Lerach*, No. 96-1482, 1998 U.S. LEXIS 1598 (Mar. 3, 1998), overruled all prior lower court decisions on the point. After *Lexecon*, Respondent also cannot deny that the federal district court in Indiana exceeded its authority in transferring to itself for trial on the merits Petitioner's cases that had been filed in the district court in California. *Lexecon* makes clear that "venue [in Indiana] is precluded by the governing statute." *Lexecon*, 1998 U.S. LEXIS 1598, at *28. Here, as in *Lexecon*, Congress left no discretion in the Indiana district court to transfer Petitioner's California litigation to itself for a trial on the merits. *Ibid.* Here, as in *Lexecon*, Petitioners continuously objected to the improper venue. Thus, here, as in *Lexecon*, remand to a proper forum is compelled.

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[1] Nothing in Respondent's conditional cross-petition dictates otherwise. It raises issues that have no bearing on those presented by the Regents. To the extent that those issues ever had any validity, they may be considered in due course by a new trial court on remand, as set out more fully in the Regents' brief in opposition filed concurrently herewith.

The *Lexecon* question is properly before this Court. Respondent mistakenly argues that Petitioner is foreclosed from raising the self-transfer venue error because (1) Petitioner did not specifically present the waiver issue as one of the questions presented to this Court, and (2) Petitioner had not properly headlined the Section 1407 aspect of its venue challenge in its opening brief on appeal to the Federal Circuit.

The question presented by Petitioner of whether 28 U.S.C. §§ 1404 and 1407(a) precluded self-transfer for trial on the merits necessarily subsumed the subsidiary issue of whether the Federal Circuit correctly addressed and decided this venue question. The propriety of the Federal Circuit's waiver determination need not have been presented as a separate question because it is "a necessary predicate to the resolution of the question presented in the petition." *Caspari v. Bohlen*, 510 U.S. 383, 389-390 (1994).[2] The alleged waiver issue here is "fairly within" the self-transfer question, *Lebron v. National R.R. Passenger Corp.*, 513 U.S. 374, 379 (1995), since it is "predicate to an intelligent resolution" of that question. *Caterpillar Inc. v. Lewis*, 117 S. Ct. 467, 476 n.13 (1996).

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[2] Respondent's reliance on *Izumi Seimitsu Kogyo Kabushiki Kaisha v. United States Philips Corp.*, 510 U.S. 27 (1993) and *Yee v. City of Escondido*, 503 U.S. 519 (1992) to foreclose Petitioner from raising the *Lexecon* point is misplaced. In both cases, petitioners tried to raise issues in their merits briefs that had not been addressed at all in their petitions for *certiorari*. Moreover, neither belatedly-presented issue was subsidiary to the questions raised in the respective petitions, as is the waiver question here.

This Court has never required litigants to undertake futile, expensive exercises to preserve their access to this Court on nationally important issues of law. The venue transfer issue was, at the very least, implicitly raised in Petitioner's opening brief on the merits to the Federal Circuit, and that issue was raised very explicitly in Petitioner's reply brief in the Federal Circuit. For Petitioner to have pressed the self-transfer argument more fervently in the Federal Circuit would have been futile: Every circuit and district court that had addressed the issue had upheld self-transfer under Section 1404(a).

Moreover, Respondent cannot claim unfair surprise or lack of an opportunity to be heard on the self-transfer issue. *Certiorari* had not been granted in *Lexecon* when this case was briefed before the Federal Circuit. After *certiorari* was granted in *Lexecon* and before oral argument, Petitioner promptly notified the Federal Circuit and Respondent. The Federal Circuit and Respondent were fully aware that Petitioner was challenging the validity of the self-transfer order, which was the subject of lively colloquy during oral argument. The propriety of the initial venue transfer had previously been presented to that court on Petitioner's petition for writ of mandamus in which Petitioner had expressed concern that if the initial transfer by the MDL panel was permitted, the Indiana court might further disregard Petitioner's choice of forum and its sovereignty by transferring the case to itself for trial. The Federal Circuit rejected Petitioner's contentions and dismissed Petitioner's worry about self-transfer as "speculative." Under these circumstances, no waiver of the venue question could properly be implied. *See Lexecon*, 1998 U.S. LEXIS 1598, at *17 n. 1 (rejecting

waiver arguments because efforts to request remand from MDL Panel would have been futile.)

Even if it were assumed, *arguendo*, that Petitioner did not adequately address the self-transfer venue issue before the Federal Circuit, this case is nevertheless appropriate for exercise of the Court's GVR power. In particular, this Court properly issues a GVR order when the law has changed after the lower court's decision was entered. *Stutson v. United States*, 516 U.S. 193, 195-96 (1996); *Lawrence v. Chater*, 516 U.S. 163, 166-67 (1996). *Cf. Youakim v. Miller*, 425 U.S. 231, 235 (1976) (remanding case for consideration of issue that had not been raised below, because interpretation of statute involved had been changed in the interim); *Hormel v. Helvering*, 312 U.S. 552, 558-59 (1941) (affirming circuit court's consideration of issue not raised before Board of Tax Appeals where hearing occurred before relevant Supreme Court decision handed down, and remanding issue to Board of Tax Appeals.)[3] The Court has "GVR'd in light of a wide range of developments, including our own decisions . . . . " *Lawrence*, 516 U.S. at 166. That order alleviates the " 'potential for unequal treatment' that is inherent in [the Court's] inability to grant plenary review of all pending

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[3] *See also Mitchell v. Forsyth*, 472 U.S. 511, 530 (1985) ("purely legal question" appropriate for review although not fully considered below); *Uebersee Finanz-Korporation, A.G. v. McGrath*, 343 U.S. 205, 212-13 (1952) (judgment against petitioner vacated because Act involved reinterpreted in another case decided the same day); *Vandenbark v. Owens-Illinois Glass Co.*, 311 U.S. 538, 543 (1941) (intervening judicial decisions merits reversal of judgments correct when entered).

cases raising similar issues . . . . " *Id.* at 167. (Citations omitted).

## II. IF THE DECISION BELOW IS VACATED AND THE CAUSE REMANDED, NO OTHER QUESTION PRESENTED NEED BE REACHED

*Lexecon* teaches that Congress requires cases transferred under § 1407(a) to be remanded to the originating district court for a new trial on the merits when a transferee court has improperly tried a transferred case on the merits after pretrial proceedings have concluded. As this Court stated, "the substantiality of the protected interest [to be tried in the transferor court] is attested by a congressional judgment that in the circumstances described in the statute no discretion is to be left to a court faced with an objection to a statutory violation." *Lexecon*, 1998 U.S. LEXIS 1598, at *28. Petitioner's right, as plaintiff and sovereign, to choose its forum would be thereby respected, albeit after great delay and expense. Although the first and third questions presented here are properly before the Court, the damage to Petitioner from the errors in deciding these questions is prospectively undone if the case is ultimately remanded to California for a new trial.

WHEREFORE, Petitioner prays for an order granting *certiorari*, vacating the judgment below, and remanding the case to the Court of Appeals for the Federal Circuit for further consideration in light of *Lexecon, Inc. v. Milberg Weiss Bershad, Hynes & Lerach*, No. 96-1482, 1998 U.S. LEXIS 1598 (Mar. 3, 1998).

Respectfully submitted,

JAMES E. HOLST
JOHN F. LUNDBERG
P. MARTIN SIMPSON, JR.
REGENTS OF THE UNIVERSITY OF CALIFORNIA
300 Lakeside Drive
Oakland, California 94612
Telephone: (510) 987-9800

SHIRLEY M. HUFSTEDLER
*Counsel of Record*
MORRISON & FOERSTER LLP
555 West Fifth Street
Los Angeles, California 90013
Telephone: (213) 892-5200

DREW S. DAYS III
HAROLD J. MCELHINNY
RACHEL KREVANS
JILL D. NEIMAN
MORRISON & FOERSTER LLP
425 Market Street
San Francisco, California 94105
Telephone: (415) 268-7000

*Counsel for Petitioner Regents of the University of California*